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**AGENCY OVERVIEW****229 Williston State College**

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**Date:** 12/23/2014**Time:** 12:11:43**Statutory Authority**

North Dakota Century Code 15-10-01.1.

**Agency Description**

Williston State College (WSC) is a comprehensive community college serving northwest North Dakota and beyond with Associate of Arts, Associate of Science, Associate of Applied Science, certificate education in academic transfer, and vocational education, as well as Workforce Training as a service to regional employers.

**Agency Mission Statement**

Williston State College, "Where the People Make the Difference" is an open admission learner-centered, comprehensive community college providing academic transfer and occupational education, work force training, and cultural activities to residents of North Dakota, the Upper Plains, and beyond. Williston State is committed to providing educational opportunities that are accessible, affordable, life changing, and life-long.

**Agency Performance Measures**

NDUS has published annual accountability measures reports, in response to the "flexibility with accountability" expectations of SB 2003 passed by the 2001 Legislative Assembly. Organized according to the five cornerstones of the Roundtable Report, which served as the basis for the Board's previous strategic plan, the report has evolved from a written annual report to an online report. A wrap-up report is being compiled in anticipation of the launch of the Board's 2015-2020 strategic plan. Future reporting on the new strategic plan and accountability is expected to not only be online but also in a contemporary, interactive format. The information may include information on graduation and retention rates, enrollment, peer comparisons, financial aid and tuition, degrees awarded and composite financial index information for the 11 campuses, although final measures have not yet been determined.

**Major Accomplishments**

1. Began construction of a second apartment building on campus which is a mirror image of the first apartment building completed in August 2013. The second apartment is expected to be completed in December 2014. These apartments provide more affordable housing options for faculty, staff and students.
2. Explored a partnership with UND for shared services in several areas including finance, operations, marketing, financial aid and curriculum. A WSC Finance office is being set up on the campus of UND with a WSC employee.
3. Proposed a new 30,000 square foot Allied Health programs building. The facility would be used collaboratively within the University System to address critical training needs in our region. The Healthcare Workforce Initiative specifies that training health care professionals within the State of North Dakota is the most practical (and most likely successful) way to create and maintain an adequate health care work force in our state.

**Future Critical Issues**

Critical issues facing Williston State College in the next biennium fall under the following areas:

**EMPLOYEE TURNOVER:**The highest wages in the state combined with the lowest unemployment in the state over a four-year period has resulted in a high degree of turnover, robbing the College of its historic knowledge, weakening the college as a result of an inexperienced workforce, and crippling the College's ability to assume normal operations. Williston State employee turnover for FY14 reached an all-time High: 38.9 percent.

Turnover has had a crippling impact on the College. Assuming that the cost of an employee leaving equals 20 percent of his or her annual salary, over the last three years, the College spent nearly one million dollars in costs associated with turnover. The costs do not end at turnover. Additional costs take place as a result of inexperience of the employees, lack of training on a proprietary system, and mistakes made by not being able to hire or retain people in their positions.

**CASH:** The high cost of operating in the Williston region has had a tremendous impact on the College's cash balances. The average wage in Williams County is almost double that of the largest counties in the state of North Dakota. Additionally, the counties surrounding Williams have the highest wages in the state compounding employer competition for employees.

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TrainND-Northwest, a division of Williston State College is in the process of a new building project. TrainND has outgrown the space available due to the high-growth in training over the past four years. The building project bids were higher than anticipated (\$307 per square foot). The number of clients served by TrainND has grown by approximately 50 percent in the past five years. In 2010, 7,376 employees were trained for 271 businesses. In 2014, 16,205 employees were trained for 381 businesses. This rapid increase in revenue, though positive for the College, has a negative impact on cash flow. A majority of the revenue at TrainND comes from providing services to large oil industry related companies. Although these companies always pay their accounts, it normally takes 60-90 days to receive payment. As accounts receivable increase, the cash flow decreases as the expenses are paid out well in advance of the cash being collected.

The athletic department has a cash deficit approaching \$300,000 as of June 30, 2014. Travel costs of \$180,000 for FY12, FY13 and FY14 related to playing in Hockey National Championships. These additional costs are so high that Williston State has thought about closing the hockey program for the first time. Because of the College's remote location, all travel costs related to Williston State are high. The Department of Transportation even decided to get out of the bussing business resulting in both the College and the Foundation having to take on a bus service.

The high wage costs have contributed to a cash deficit in the College's bookstore over the past three years of over \$90,000. Steps have been taken to increase revenues and decrease costs, but the amount of wages that are required in Williston is higher than other areas of the state and the amounts students are charged for books is not increased proportionately.

The bonding of the much-needed residence hall, which opened in 2012, came at a high cost. It is impossible for the College to run housing at self-support unless students pay rates much higher than average. The costs associated with updating neglected housing has placed housing in the same position as the college, fiscally unsustainable.

**HOUSING:** Although, the housing situation has begun to stabilize, due to the economic conditions in Williston there still is a housing shortage and the housing that is available is at a rental rate deemed one of the highest in the nation.

**REQUEST SUMMARY**

229 Williston State College

Biennium: 2015-2017

Bill#: HB1003

Date: 12/23/2014

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Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
<b>By Major Program</b>					
Williston State College	16,178,426	34,640,589	(6,564,496)	28,076,093	3,905,500
<b>Total Major Program</b>	<b>16,178,426</b>	<b>34,640,589</b>	<b>(6,564,496)</b>	<b>28,076,093</b>	<b>3,905,500</b>
<b>By Line Item</b>					
Operating Expenses	10,249,685	12,783,506	310,692	13,094,198	2,705,500
Capital Assets	3,587,605	16,916,887	(1,934,992)	14,981,895	1,200,000
Capital Assets-Carryover	2,341,136	30,196	(30,196)	0	0
Capital Projects-Non-State Carryover	0	4,910,000	(4,910,000)	0	0
<b>Total Line Items</b>	<b>16,178,426</b>	<b>34,640,589</b>	<b>(6,564,496)</b>	<b>28,076,093</b>	<b>3,905,500</b>
<b>By Funding Source</b>					
General Fund	15,540,590	27,230,589	845,504	28,076,093	3,905,500
Federal Funds					
Special Funds	637,836	7,410,000	(7,410,000)	0	0
<b>Total Funding Source</b>	<b>16,178,426</b>	<b>34,640,589</b>	<b>(6,564,496)</b>	<b>28,076,093</b>	<b>3,905,500</b>
<b>Total FTE</b>	<b>44.15</b>	<b>49.96</b>	<b>0.00</b>	<b>49.96</b>	<b>1.00</b>

**REQUEST DETAIL**

229 Williston State College

Bill#: HB1003

Date: 12/23/2014

Time: 12:11:43

Biennium: 2015-2017

Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
<b>Operating Expenses</b>					
Operating Fees and Services	10,249,685	12,783,506	310,692	13,094,198	2,705,500
<b>Total</b>	<b>10,249,685</b>	<b>12,783,506</b>	<b>310,692</b>	<b>13,094,198</b>	<b>2,705,500</b>
<b>Operating Expenses</b>					
General Fund	10,249,685	12,783,506	310,692	13,094,198	2,705,500
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
<b>Total</b>	<b>10,249,685</b>	<b>12,783,506</b>	<b>310,692</b>	<b>13,094,198</b>	<b>2,705,500</b>
<b>Capital Assets</b>					
Land and Buildings	3,587,605	16,447,905	(2,447,905)	14,000,000	0
Other Capital Payments	0	0	0	0	45,000
Extraordinary Repairs	0	468,982	512,913	981,895	1,155,000
<b>Total</b>	<b>3,587,605</b>	<b>16,916,887</b>	<b>(1,934,992)</b>	<b>14,981,895</b>	<b>1,200,000</b>
<b>Capital Assets</b>					
General Fund	3,346,111	14,416,887	565,008	14,981,895	1,200,000
Federal Funds	0	0	0	0	0
Special Funds	241,494	2,500,000	(2,500,000)	0	0
<b>Total</b>	<b>3,587,605</b>	<b>16,916,887</b>	<b>(1,934,992)</b>	<b>14,981,895</b>	<b>1,200,000</b>
<b>Capital Assets-Carryover</b>					
Land and Buildings	2,341,136	30,196	(30,196)	0	0
<b>Total</b>	<b>2,341,136</b>	<b>30,196</b>	<b>(30,196)</b>	<b>0</b>	<b>0</b>
<b>Capital Assets-Carryover</b>					
General Fund	1,944,794	30,196	(30,196)	0	0
Federal Funds	0	0	0	0	0
Special Funds	396,342	0	0	0	0
<b>Total</b>	<b>2,341,136</b>	<b>30,196</b>	<b>(30,196)</b>	<b>0</b>	<b>0</b>
<b>Capital Projects-Non-State Carryover</b>					
Land and Buildings	0	4,910,000	(4,910,000)	0	0
<b>Total</b>	<b>0</b>	<b>4,910,000</b>	<b>(4,910,000)</b>	<b>0</b>	<b>0</b>
<b>Capital Projects-Non-State Carryover</b>					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0

**REQUEST DETAIL**

229 Williston State College

Biennium: 2015-2017

Bill#: HB1003

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Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
Special Funds	0	4,910,000	(4,910,000)	0	0
<b>Total</b>	<b>0</b>	<b>4,910,000</b>	<b>(4,910,000)</b>	<b>0</b>	<b>0</b>

**Funding Sources**

General Fund	15,540,590	27,230,589	845,504	28,076,093	3,905,500
Federal Funds	0	0	0	0	0
Special Funds	637,836	7,410,000	(7,410,000)	0	0
<b>Total Funding Sources</b>	<b>16,178,426</b>	<b>34,640,589</b>	<b>(6,564,496)</b>	<b>28,076,093</b>	<b>3,905,500</b>

**CHANGE PACKAGE SUMMARY**

229 Williston State College

Biennium: 2015-2017

Bill#: HB1003

Date: 12/23/2014

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Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
<b><u>Base Budget Changes</u></b>						
<b>One Time Budget Changes</b>						
A-B 1 Major Capital Projects		0.00	14,000,000	0	0	14,000,000
A-E 1 Remove 2013-15 Capital Projects		0.00	(13,340,354)	0	(2,500,000)	(15,840,354)
A-E 2 Remove Capital Projects Contingency Pool		0.00	(607,551)	0	0	(607,551)
A-E 3 Remove Deferred Maintenance Pool		0.00	(271,181)	0	0	(271,181)
<b>Total One Time Budget Changes</b>		<b>0.00</b>	<b>(219,086)</b>	<b>0</b>	<b>(2,500,000)</b>	<b>(2,719,086)</b>
<b>Ongoing Budget Changes</b>						
A-A 1 CTC, Operating Inflation and Utilities Increases		0.00	254,091	0	0	254,091
A-A 2 Governors Funding Model Increase		0.00	56,601	0	0	56,601
A-A 20 2013-15 Adjusted FTE		49.96	0	0	0	0
A-A 6 Base Plus Incr for Extraordinary Repairs		0.00	981,895	0	0	981,895
A-F 1 Remove 2011-13 Capital Assets Carryover		0.00	(30,196)	0	(3,410,000)	(3,440,196)
A-F 2 Remove Base Funding Extraordinary Repairs		0.00	(197,801)	0	0	(197,801)
A-F 3 Remove Additional Capital Projects Authority		0.00	0	0	(1,500,000)	(1,500,000)
Base Payroll Change		(49.96)	0	0	0	0
<b>Total Ongoing Budget Changes</b>		<b>0.00</b>	<b>1,064,590</b>	<b>0</b>	<b>(4,910,000)</b>	<b>(3,845,410)</b>
<b>Total Base Budget Changes</b>		<b>0.00</b>	<b>845,504</b>	<b>0</b>	<b>(7,410,000)</b>	<b>(6,564,496)</b>
<b><u>Optional Budget Changes</u></b>						
<b>One Time Optional Changes</b>						
A-D 3 WSC Stabilization Funding	1	0.00	2,500,000	0	0	2,500,000
A-D 1 Campus Security One-time	2	0.00	1,155,000	0	0	1,155,000
A-D 5 Special Assessments	3	0.00	45,000	0	0	45,000
<b>Total One Time Optional Changes</b>		<b>0.00</b>	<b>3,700,000</b>	<b>0</b>	<b>0</b>	<b>3,700,000</b>
<b>Ongoing Optional Changes</b>						
A-C 1 Security and Emergency Preparedness	1	1.00	205,500	0	0	205,500
<b>Total Ongoing Optional Changes</b>		<b>1.00</b>	<b>205,500</b>	<b>0</b>	<b>0</b>	<b>205,500</b>

**CHANGE PACKAGE SUMMARY**

229 Williston State College

Bill#: HB1003

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Biennium: 2015-2017

Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
Total Optional Budget Changes		1.00	3,905,500	0	0	3,905,500

**BUDGET CHANGES NARRATIVE**

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<b>Change Group:</b> A	<b>Change Type:</b> A	<b>Change No:</b> 1	<b>Priority:</b>
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## CTC, Operating Inflation and Utilities Increases

Includes the cost to continue the FY15 legislatively approved salary increases, estimated operating inflation, estimated utility rate/useage increases and estimated utilities for buildings coming online in the 2015-17 biennium:

- **\$131,324** - Continuation of 14-15 legislatively funded salary increase @ 3%
- **\$88,123** - Operating inflation (excluding utilities) of 2.4% for FY16 and 2.5% for FY17, based on projections from Economy.Co
- **\$34,644** - Projected utility cost increases for the new TrainND building coming online in 15-17, based on recent actual and projected cost increases

<b>Change Group:</b> A	<b>Change Type:</b> A	<b>Change No:</b> 2	<b>Priority:</b>
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## Governors Funding Model Increase

Based on the final 2013-15 appropriations, the campuses received the following “base funding per adjusted student credit hour (ASCH)” for 2013-15:

- Two-year campuses - BSC \$109.82, DCB \$110.87, LRSC \$110.36, NDSCS \$109.77 and WSC \$150.48 (WSC = \$121.50, excluding the \$2.5 million base adjustment added by the legislature, outside of the Governor’s formula);
- Four-year campuses – DSU \$105.38, MaSU \$103.56, VCSU 103.84, MiSU \$113.97 (MiSU = \$107.60, excluding the \$2.5 million base adjustment added by the legislature, outside of the Governor’s formula);
- UND/NDSU – UND \$71.25, NDSU \$70.75

The requested increase has been calculated, excluding the \$2.5 million base adjustments at WSC and MiSU. At a minimum, a net increase of \$35.96 million is needed, when 2013-15 base funding per ASCH is applied to updated 11-13 adjusted student credit hours for each campus, and an additional \$13.05 million is needed to bring funding to the highest in each tier. Per the funding model, campuses are to receive minimum funding of 96% of their current appropriation. Increase request totals **\$56,601** for WSC.

<b>Change Group:</b> A	<b>Change Type:</b> A	<b>Change No:</b> 6	<b>Priority:</b>
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## Base Plus Incr for Extraordinary Repairs

Currently, the campuses and Forest Service receive \$11,162,008 in base funding for extraordinary repairs, which is equivalent to an overall average of 12.7% of the OMB building and infrastructure formulas. In the IBARS process, we are required to remove base funding for extraordinary repairs (see change code AF2). The 2015-17 NDUS budget request includes a total increase of \$32,860,444 to provide increased base funding for facilities and infrastructure repairs and maintenance, equivalent to 50% of OMB building and infrastructure formulas. The AA6 budget change code includes restoring the base amount removed in change code AF2, as well as the requested increase to reach 50% of OMB formula. WSC’s portion of the request is \$981,895. Base funding currently received in 2013-15 is \$197,801 and the requested increase in base funding for extraordinary repairs for 2015-17 is \$784,094.

A prioritized listing of extraordinary repair projects is provided below (because of IBAR’s requirement to do so), however these priorities can very easily change, due to unforeseen circumstances and emergencies. The priority listing is only a best estimate at this time. The actual use of these dollars will be left to the discretion of the institutions (with appropriate approvals by the SBHE where required). All NDUS entities will be given the authority to allocate dollars to repair and replacement priorities for regular repair and replacement projects as determined by each entity.

Roofing Repairs: TrainND

\$80,000



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Roof has been repaired but is in need of replacement.

Roofing Repairs: Abrams \$60,000

Roof has been repaired but is in need of replacement.

Chillers:Well \$80,000

Well is currently operating with four of two units. Grave concern over whether another unit failing will mean loss of heat and cooling to the facility.

Interior Lighting Repair and Replacements \$30,000

Renovation project and boiler replacement created power surging damaging multiple units in the well.

Furnace: Stevens Boiler \$180,000

The boiler unit is being replaced and the dollar figure represents the sum to complete payments.

Sidewalk Repair/Replacement: Baseball field \$40,000

Sidewalk paralleling Clark Street requires replacement.

Sidewalk Repair: Frontier Hall \$120,000

Sidewalk paralleling front drive requires replacement with extension to staff housing. This also includes lighting.

Lot Repair: CTE Building \$240,000

The parking lot to the north of the CTE building needs repair. Lighting is also not adequate.

Exterior Wall abd Sealing Repair \$151,895

The exterior walls of Art Wood are over thirty years old and require repair and sealing.

<b>Change Group:</b> A	<b>Change Type:</b> A	<b>Change No:</b> 20	<b>Priority:</b>
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2013-15 Adjusted FTE

Per SB2003 (Section 36), "the state board of higher education may adjust full-time equivalent positions as needed, subject to the availability of funds, for institutions and entities under its control during the biennium beginning July 1, 2013, and ending June 30, 2015. The North Dakota university system shall report any adjustments to the office of management and budget before the submission of the 2015-17 biennium budget request." A report was run as of 4-30-2014 to determine the total estimated "appropriated fte" as of that date. Consistent with the methodology used in previous biennia, the current year's annual budgets were used to estimate the amount supported by general fund only, based on the percentage of budgeted general fund revenue to total appropriated revenue.

**BUDGET CHANGES NARRATIVE**

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<b>Change Group:</b> A	<b>Change Type:</b> C	<b>Change No:</b> 1	<b>Priority:</b> 1
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## Security and Emergency Preparedness

**Campus security (24x7 coverage)** - Included in the 2013-15 biennial budget request were amounts to fund three eight-hour shifts to achieve 24x7 coverage at all campuses except UND and NDSU, who indicated they provided limited 24x7 coverage at the time. Three campuses (WSC, DSU and MiSU) received most of the funding that was requested for 24x7 coverage in 2013-15, but the remaining 6 campuses each received \$100,000 (substantially less than what was requested). **The 2015-17 budget request includes \$2,411,750 to achieve 24x7 coverage at the remaining campuses: [BSC (3Fte) - \$505,500; LRSC (3Fte) - \$405,500; NDSCS (1.5Fte) - \$252,750; MaSU (3Fte) - \$405,500; VCSU (3Fte) - \$505,500 and DCB (2Fte) - \$337,000].**

Several factors influence number of security staff: 1.) Student population; 2.) Age and gender profile; 3.) Location of institution; 4.) Number of buildings both on and off campus; 5.) Extent of on-campus housing; 6.) Days/times of classes; 7.) Campus size; 8.) Institutional and public expectations.

**Emergency management** – Item 8 of SBHE Policy 906 (Emergency Preparedness and Management; Continuity of Operations; Security) states, “The chancellor and institution presidents shall, subject to funding and staffing constraints, develop and implement plans under which the system and institutions substantially shall comply with these Policy 906 requirements by July 1, 2014.” **The 2015-17 budget request includes a total of \$2,157,750 for a full-time emergency manager at all campuses (\$205,500 each), except DCB whose request is for a one-half time emergency manager (\$102,750).**

These positions are needed to develop and implement the plan required under Policy 906 to facilitate appropriate emergency preparedness planning on each campus, which must be tailored to each individual campus and local and regional law enforcement and emergency services. These plans are intended to provide the framework to address the immediate requirements for a major disaster or emergency in which normal operations are interrupted and special measures must be taken to: 1.) protect the lives of students, employees and the public; 2.) provide essential services and operations; 3.) manage immediate communications and information regarding emergency operations; 4.) manage university resources effectively in emergency operations; 5.) provide and analyze information to support decision-making. Emergency response is based on the Incident Command System (ICS), the management structure adopted throughout the United States and internationally, and a requirement of the State of ND and various US Department of Homeland Security Presidential Decision Directives and National Incident Management System (NIMS) guidance. The State of ND Division of Emergency Management (DEM) has indicated their interest in having a single point of contact and coordination within the NDUS for emergency response; however, no resources exist for this purpose.

Total security and emergency preparedness request for **Williston State College** is **\$205,500**.

<b>Change Group:</b> A	<b>Change Type:</b> D	<b>Change No:</b> 1	<b>Priority:</b> 2
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## Campus Security One-time

Total requested one-time funds for campus security is **\$1,155,000**.

- External security camera system –The request of \$695,000 includes motion-activated cameras for general external coverage, a set of high definition cameras with license plate recognition that focus on the vehicular entrances to the campus, and a set of cameras that focus on the doors which are controlled by the proposed access control system. Also included is 45 terabytes of server space to store approximately 4 weeks of footage. All equipment purchased would integrate with the current camera system.
- Door Access Control System –\$120,000 for a swipe-card system for external and key internal entrances to allow scheduling of automated lockdown of the facility, detect doors which are propped open, and provide information on use of facilities while locked.
- Walkway and Lighting Improvements – The current infrastructure for pedestrian traffic does not extend to the apartment complex east of Dickson Hall. Individuals walking from the building to the campus would walk through uneven grass/snow in the dark, or choose to walk on the road itself. The request of \$340,000 includes sidewalk and lighting to connect the southeast portion of our campus to Stevens Hall and the Well, resulting in safe pathways for pedestrian traffic.

**BUDGET CHANGES NARRATIVE**

229 Williston State College

Bill#: HB1003

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Change Group: A	Change Type: D	Change No: 3	Priority: 1
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## WSC Stabilization Funding

**History:** FY14, Williston State College experienced negative cash balances on several occasions. The College found itself with serious cash flow issues. The College immediately reduced budgets and entered a reduction in force.

**Problem:** Today, the College addresses several deficits that were the driving force in its having to request the 2.5 million dollars in emergency funds from the state. The deficit resulted in several areas but have been nearly eliminated by current spending freezes. The area of greatest need is a cash reserve caused by timing of receipts vs. expenditures. In 2012, WSC had to move over half a million of cash reserves for a bond reserve. That cash had been built up by TrainND for partial funding of a new building. WSC has now embarked on the new building project as well as a major renovation. Capital projects are funded on a reimbursable basis, as are many other operating expenses such as grants and financial aid. The problem for TrainND operations is often compounded by the outstanding receivables from oil companies during busy/peak times. Please also see Future Critical Issues in the Agency Narrative.

Change Group: A	Change Type: D	Change No: 5	Priority: 3
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## Special Assessments

Campuses must currently fund special assessment payments from their extraordinary repairs funding for city improvements to adjacent property, further reducing the amount left for on-campus improvements. This one-time request, totaling **\$1,259,684**, is the estimated amount needed for the 15-17 installment payments. The amounts, by campus, are: **BSC-\$491,800; WSC-\$45,000; UND-\$68,815; NDSU-\$407,089; NDSCS-\$98,794; MaSU-\$74,876; VCSU-\$65,555; DCB-\$7,755.**

The special assessments estimated balance as of 6/30/15 (\$285,000), includes \$250,000 related to a new street along the south edge of campus, that will be extended to the east bypass. Increased activity and traffic on campus require the College to increase access through a proposed bypass as well as additional parking. In 2010, at the request of local legislators, the College partnered with the Foundation to support the Department of Transportation's Williston DMV. Visitors have increased from 2000 per year to 50,000 per year. In 2013, the College and the Foundation partnered with the State to provide housing to critical employees (city, state, schools, and hospital) through the building of an apartment building. In 2013, the College and Foundation will finish a second apartment building. Enrollment increased by over 10% in the fall and over 7% in the spring. The College anticipates further increases in enrollment. Community partnerships to address impact and increase enrollment place street access and additional parking on the College's critical needs list.

Change Group: A	Change Type: E	Change No: 1	Priority:
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## Remove 2013-15 Capital Projects

To remove **\$15,840,354** funding authorized for capital projects for the 2013-15 biennium per SB2003-Section 2 (**\$13,340,354 General Funds**) and SB2019-Section 6 (**\$2.5 million OF**). Additional other fund authority, authorized by the Budget Section, is adjusted in change code **AF3**. Campuses will report on the status of the individual projects to the appropriations committees of the sixty-third legislative assembly, as required.

Change Group: A	Change Type: E	Change No: 2	Priority:
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## Remove Capital Projects Contingency Pool

To remove **\$5,483,413** for the capital projects contingency pool per SB2003-Section 2.

**BUDGET CHANGES NARRATIVE**

229 Williston State College

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SB2003-Section 24 provided the following legislative intent: "The capital projects contingency pool line item contained in subdivision 1 of section 1 of this Act includes funding that may be transferred to institutions for capital projects as provided under this section. The state board of higher education may transfer funds from the capital projects contingency pool to an institution if the lowest acceptable bid received for a capital project exceeds the legislative appropriation provided for this project. The board shall provide a prorated amount to institutions from the pool if the amount of funding required for eligible projects exceeds available funding. An institution may only receive funding from the pool for capital projects that receive a general fund appropriation and are authorized under this Act. For purposes of this section, the "legislative appropriation provided for a project" does not include funds appropriated from private donations and other local funds to enhance a project. During the 2013-14 interim, the state board of higher education shall provide periodic reports to the budget section regarding funds distributed from the capital projects contingency pool."

The pool funding is the result of a legislatively imposed five percent reduction (except at SMHS where Phase I was reduced by 2.5%) to each approved 13-15 state funded capital project. Ninety-five percent of the project was funded in each individual campus capital asset line item, with the remaining five percent pooled for SBHE allocation. The intent was to encourage a diligent effort in developing, reviewing and awarding capital projects to meet necessary programmatic needs while limiting total cost, to the greatest extent possible. After pooling the five percent, the legislature then reduced the total amount of the pool by \$1 million. Due to the \$1 million reduction, the amount in the pool is closer to 4.45% (2.17% SMHS) on a project-by-project basis.

The best case scenario would be for the SBHE to have all projects (design and related firm costs) in hand at the same time in order to fairly evaluate and distribute these pooled funds. However, that is not feasible. Smaller, less complex projects will move ahead more quickly than will some of the more complex projects. Holding up all projects for the last one is not reasonable as it will slow progress and may result in increased costs. Thus, each project will need to be considered on a case-by-case basis as ready.

The SBHE approved the 13-15 capital projects contingency pool guidelines as follows:

- All projects must be designed and bid based on the reduced project amount (original project amount less 4.45%/2.17%).
- For fiscal year 2014, campuses (excluding the SMHS) may request an allocation from the capital projects contingency pool, up to a maximum of 4.45% of the legislative appropriation for that project, if the lowest acceptable bid (or CM maximum price) exceeds the legislative appropriation provided for the project. The SMHS may submit a request for an allocation from the capital projects contingency pool, up to a maximum of 2.17% of the legislative appropriation for that project, if the lowest acceptable bid (or CM maximum price) exceeds the legislative appropriation provided for the project.
- The NDUS Office will consider and review each individual project request as submitted, with the Chancellor making an allocation recommendation of between 0-4.45percent (2.17% at SOMHS) to the SBHE, who has the final allocation authority.
- At the end of fiscal year 2014, the allocation criteria will be re-evaluated based on remaining funds, and adjustments to the guidelines may be made, as necessary.

Amounts that have been allocated to the campuses through 6-30-14, totaling \$3,138,331, are being removed by the following campuses: **(BSC-\$560,626; LRSC-\$251,433; WSC-\$607,551; NDSU-\$1,247,709; NDSCS-\$358,778; MaSU-\$95,559 and DCB-\$16,675)**. The unallocated balance as of 6-30-14, totaling **\$2,345,082**, is being removed by the NDUS Office. WSC's allocation included the following: 1) \$517,551 for Stevens Hall Renovation, to help offset inflationary increases from initial budget of \$100-\$150 per square foot to current estimates of \$226 per square foot; 2) \$90,000 for inflationary increases on teh campus front drive project.

Change Group: A	Change Type: E	Change No: 3	Priority:
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**Remove Deferred Maintenance Pool**

To remove **\$10 million** for the deferred maintenance pool, per SB2003-Section 2. SB2003-Section 21 provided the following legislative intent: "The deferred maintenance funding pool line item includes funding that must be used to address deferred maintenance and other infrastructure needs at institutions based on the university system master plan and space utilization study. However, the state board of higher education may distribute up to one-half of the funds in the pool to institutions prior to the completion of the master plan and space utilization study."

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The SBHE approved allocation of \$5 of the \$10 million on September 25, 2013. Given the facility master plan was not completed at the time, the initial \$5 million was distributed based on the following:

- statewide OMB extraordinary repairs formula, which addresses both buildings and infrastructure to bring campuses to a common (or close to common) percent position of the formula ;
- Each campus/entity should receive some minimum amount of funding—recommended \$75,000 minimum, except for the Forest Service a minimum of \$30,000;
- Make adjustments to recognize that some campuses have to use a portion of their extraordinary repair formula funding for the payment of city special assessments, on infrastructure not owned by the campus.

With the near completion of the System facility master plan, the SBHE approved the allocation of the remaining \$5 million on June 26, 2014, so the campuses could begin much needed projects. The allocation was based on the following:

- First allocate \$275,000 to VCSU to address a recently identified safety issue at VCSU in the recently retired Science Building. The \$275,000 includes costs for engineering services, relocation and demolition. It does not include other costs related to build a barrier for the hill or to replace asphalt. In April 2014, the SE wall on the main floor of the VCSU Science Building began to buckle, significantly reducing the structural integrity of that portion and the upper two levels of the building. Additionally, the roof on the SW corner has been significantly compromised and the ceiling in that area has failed. VCSU engaged a structural engineer to analyze the building. The engineer indicated that VCSU should transition remaining operations to another site immediately due to safety concerns. VCSU has and continues to move forward with the transition in a practicable and safe manner. The cost of \$275,000 does not include cost to build a retaining wall or a barrier for the hill and replace asphalt.
- Allocate remaining \$4,725,000 to the 11 institutions based on the average of: the actual deferred maintenance for facilities examined by consultants during the master plan visits (represents about 24% of the overall state appropriated GSF for Type I and II buildings)= +\$200 million; extrapolated deferred maintenance when applied to all appropriated buildings, based on above “sample” condition (“If the condition of these buildings represents similar condition in the rest of the buildings and identified needs to the heating plants and site infrastructure are added in..”)

The following allocations, totaling \$10 million, were provided to the campuses and Forest Service, and are being removed in this budget change code: **BSC-\$759,580; LRSC-\$256,259; WSC-\$271,181; UND-\$2,667,599; NDSU-\$2,480,703; NDSCS-\$639,328; DSU-\$437,527; MaSU-\$408,233; MiSU-\$830,318; VCSU-\$937,339; DCB-\$281,933; Forest Service-\$30,000.**

<b>Change Group:</b> A	<b>Change Type:</b> F	<b>Change No:</b> 1	<b>Priority:</b>
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Remove 2011-13 Capital Assets Carryover

To remove \$30,196 general funds carryover for asbestos abatement and \$3,410,000 other funds carryover for the Workforce Training Center project.

<b>Change Group:</b> A	<b>Change Type:</b> F	<b>Change No:</b> 2	<b>Priority:</b>
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Remove Base Funding Extraordinary Repairs

To remove **\$197,801** base funding for extraordinary repairs. This base amount, plus an increase to the base, is being requested for 2015-17, and is reflected in **change code AA6.**

<b>Change Group:</b> A	<b>Change Type:</b> F	<b>Change No:</b> 3	<b>Priority:</b>
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Remove Additional Capital Projects Authority

To remove add'l **other fund** authority, authorized by the Budget Section during FY14:

**WSC (\$1,500,000) – [Workforce Training Center]**

**BUDGET CHANGES NARRATIVE**

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<b>Change Group:</b> R	<b>Change Type:</b> A	<b>Change No:</b> 1	<b>Priority:</b>
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Remove Agency Base Changes not Funded

Removes agency base changes entered but not funded in the Executive Recommendation.

<b>Change Group:</b> R	<b>Change Type:</b> A	<b>Change No:</b> 2	<b>Priority:</b>
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SCH Production Adjustment

Adjusts statutory operations funding to reflect changes in adjusted student credit hour (ASCH) production to the 2011-13 levels.

<b>Change Group:</b> R	<b>Change Type:</b> A	<b>Change No:</b> 3	<b>Priority:</b>
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Inflationary Adjustment

Provides an inflationary adjustment to cover the State's share of the following cost increases:

- Costs to continue FY15 3% salary increases - \$98,493
- Utilities - \$25,983
- 2015-17 annual salary increases of 4% FY16 and 4% FY17 - \$605,156
- Health insurance premiums @ \$1,161.59 per month - \$213,589
- 1% Retirement contribution increase on 1/1/2016 - \$45,059

<b>Change Group:</b> R	<b>Change Type:</b> A	<b>Change No:</b> 4	<b>Priority:</b>
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Base Extraordinary Repairs

Provides \$392,758 for base extraordinary repairs, including \$194,957 to increase funding to 20% of the OMB formula.

<b>Change Group:</b> R	<b>Change Type:</b> A	<b>Change No:</b> 5	<b>Priority:</b>
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Eliminate Internal Audit and IT Assessments

Reduces base funding by \$6,597 for the State's share of costs related to the centralized document imaging system being transferred to the Core Technology Services division in the NDUS System Office budget.

Reduces base funding by \$9,879 due to elimination of the State's share of campus assessments for the Internal Audit department. Full funding for the department has been provided in the NDUS System Office budget.

<b>Change Group:</b> R	<b>Change Type:</b> A	<b>Change No:</b> 6	<b>Priority:</b>
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Two-Year College Tuition Freeze

Provides \$323,934 from the general fund in lieu of tuition increases to cover the student share of 2015-17 inflationary adjustments (cost to continue FY15 salary increases, utilities, 2015-17 salary increases and health insurance premiums increases)

**BUDGET CHANGES NARRATIVE**

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<b>Change Group:</b> R	<b>Change Type:</b> B	<b>Change No:</b> 1	<b>Priority:</b>
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Remove Capital Changes not Funded

Removes capital changes not funded in the Executive Budget.

<b>Change Group:</b> R	<b>Change Type:</b> B	<b>Change No:</b> 2	<b>Priority:</b>
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Campus Security One-Time

Provides \$866,250 for security related equipment purchases and/or facility repairs to strengthen campus security. May include a variety of needs, such as windows, cameras, card access, door locks, or any other necessary one-time purchase/repair.

<b>Change Group:</b> R	<b>Change Type:</b> B	<b>Change No:</b> 3	<b>Priority:</b>
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Special Assessments Payoff

Pays off the institution's existing special assessments balance.